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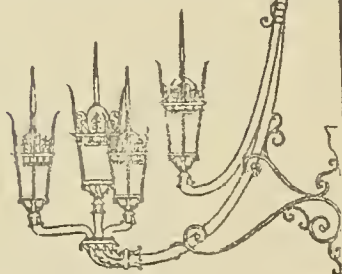
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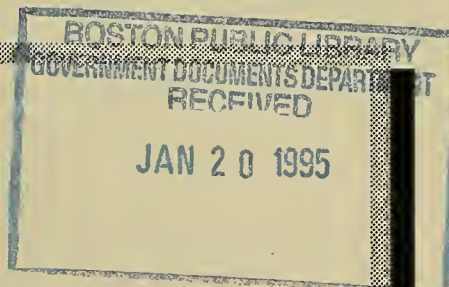


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City of Boston

PROPERTY TAX FACTS AND FIGURES

Fiscal Year 1993

RAYMOND L. FLYNN, MAYOR

Assessing Department
Ronald W. Rakow
Commissioner

December, 1992



City of Boston
ASSESSING DEPARTMENT

December, 1992

Dear City of Boston Property Owner,

The City of Boston has completed the assessment of all taxable property for fiscal year 1993. This fiscal year, the Assessing Department has opted to market index values to ensure that assessments reflect market conditions as of the assessment date. The fiscal year 1993 assessments represent the full and fair cash value of property as of January 1, 1992.

Facts and Figures - Fiscal Year 1993 presents in text, charts and tables, an overview of property taxes in the City of Boston. Through comparative and historical data, a taxpayer can compare fiscal year 1993 assessments and tax rates to earlier years, and to other jurisdictions. Despite the state's current period of fiscal instability, Boston residential property taxes are still one quarter lower than they were a decade ago in actual dollars.

This publication is one of many developed by the Assessing Department to provide taxpayers with all the information necessary to be assured that their property taxes are fair and equitable.

As always, we appreciate your comments.

Sincerely,

Ronald W. Rakow
Commissioner of Assessing

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Section I

Key Aspects of the Property Tax

Fair Market Value

The Assessing Department is statutorily obligated to assess all property at its full and fair cash values as of January 1 of each year (Massachusetts General Laws, Chapter 59, Section 58). The assessed value for the Fiscal Year 1993 tax bill represents the fair cash value of the property as of January 1, 1992. Full and fair cash value is defined as the price an owner willing, but not under compulsion to sell, ought to receive from one willing, but not under compulsion to buy.

Assessments are determined using three methods:

1. Cost Approach - value is based on the estimated cost to replace or reproduce the buildings and improvements of a property , less any depreciation, plus the value of the land;
2. Income Approach - value is based on the income producing capabilities of the property; and
3. Market Approach - the value of the property is based on recent sales of comparable properties.

Constitutional and statutory provisions prohibit the assessment of property above or below its full cash value. "Full and Fair Cash Value" represents the applied constitutional and statutory standard protecting the property owner's right to pay only his or her fair share of the tax burden. The City of Boston has remained in compliance with the ""Full and Fair Cash Value" standard since Fiscal Year 1983.

Chapter 40 of Section 56 of the Massachusetts General Laws requires that all cities and towns complete a revaluation and undergo certification by the Department of Revenue every three years. Triennial revaluation requires parcel specific data collection and detailed economic research and analysis. The assessment data must be stored in a readily updated Computer Assisted Mass Appraisal (CAMA) system.

Revaluation

In Fiscal Year 1992, as mandated by state law, the City conducted a parcel specific revaluation. In the years between revaluations, the City, pursuant to state law, may market index or trend values to keep property assessments accurate. After careful review and analysis of market conditions in 1991, the City determined that market indexing is necessary for Fiscal Year 1993. For Fiscal Years 1983 - 93, the City of Boston has complied with the Full and Fair Cash Value standard as follows:

FY 83	Parcel specific revaluation
FY 84	Market indexed assessments
FY 85	Market indexed assessments
FY 86	Parcel specific revaluation
FY 87	Market indexed assessments
FY 88	Market indexed assessments
FY 89	Parcel specific revaluation
FY 90	Property values stable
FY 91	Property values stable
FY 92	Parcel specific revaluation
FY 93	Market indexed assessments

Proposition 2 1/2

Proposition 2 1/2 was adopted by the citizens of the Commonwealth as an initiative petition in 1980.

Its principal provisions relative to the property tax:

- ◆ limit the property tax levy in a city or town to no more than 2.5% of the total fair cash value of all taxable real and personal property;
- ◆ limit the property tax levy to no more than a 2 1/2% increase over the prior year's levy limit (with certain provisions for new growth and construction). Taxpayers should note that the 2 1/2 % limit applies to the entire levy, but does not limit the increase in individual assessments;
- ◆ provide for local overrides of the levy limit and a local option to exclude certain debt from the limit. Since the inception of Proposition 2 1/2, the City of Boston has not voted to either override the levy limitations or exclude any debt as allowed by Proposition 2 1/2.

Classification

In 1978, the citizens of the Commonwealth adopted a constitutional amendment authorizing the legislature to classify real property into as many as four classes and to tax these classes differently. The original classification act prevented the shifting of taxes from business property onto residential property as a result of court ordered revaluations.

Between 1983 and 1987, however, rapid appreciation in property values increased the residential share of the property tax burden. In FY 1989, landmark legislations approved by the state legislature updated the limits provided under the original classification act and enabled local officials to mitigate further tax shifts.

Under the new parameters, residential taxes can be no lower than 50% of what they would be if property was not classified, and disfavored classes (commercial, industrial, personal) can not be taxed more than 175% of what these classes would pay without classification, provided that the residential portion of the levy is not reduced below its lowest post Fiscal Year 1983 level.

Preferential tax treatment for residential property is not required, but is rather local option. In Boston, the city council, with the approval of the mayor, has chosen to fully implement classification, thereby reducing the residential tax rate to the lowest level allowed by law.

Residential Exemption

Each city or town may adopt a residential exemption within the residential class for parcels that are the principal residence of a taxpayer, based on occupancy. A residential exemption is an assessed dollar amount of value that is exempt from taxation.

The City of Boston has chosen the maximum exemption allowed by law in each year since 1983, the first year the City was able to adopt the exemption. In FY 1989, the enactment of legislation doubled the maximum amount of the residential exemption. Under the new law, a residential exemption of up to 20% of the average value of all residential property in a city or town may be adopted. This year, the average residential value of \$141,360 results in a maximum residential exemption of \$28,272 of value, or a \$364.14 reduction in taxes.

A residential exemption only applies to the "principal residence" of a taxpayer. A principal residence is one in which the taxpayer lives and which is used as a permanent home and legal residence. Summer or vacation houses are not eligible.

The residential exemption is a local option and is adopted by the mayor with approval of the city council.

Clause Exemptions

A clause exemption releases a taxpayer from an obligation to pay all or a portion of the taxes assessed on a parcel of property, based on specific conditions. The City of Boston extends the maximum benefit allowed by law to those who qualify for the following exemptions:

Clause 17D	Surviving Spouse Minor Child of a Deceased Parent Elderly Persons Over the Age of 70
Clause 18	Hardship
Clause 22	Qualified Veteran (with a service connected disability)
Clause 37A	Blind Person

Clause 41A	Tax Deferral (for persons over the age of 65)
Clause 41C	Elderly Person (over the age of 70 who meets certain financial requirements)
Clause 42	Surviving Spouse of a Firefighter or Police Officer killed in the line of duty.
Clause 43	Minor Child of a Firefighter or Police Officer killed in the line of duty.

The Assessing Department clause exemption program features simplified application forms, informational brochures, continuing outreach programs with other city agencies, and multilingual brochures.

Historical Perspective on Residential Property Taxes

Despite the current period of state fiscal instability, Boston residential property taxes are still one quarter less than they were a decade ago in FY 1981. When the effects of inflation are factored in, residents currently pay 56% less in taxes than they did in FY 1981.

The property tax burden (taxes as a percent of income) has declined even further, from 4.12% in FY 1981 to 2.07% presently, indicating that Boston residents spend less than half as much of their income on property taxes today then they did ten years ago.

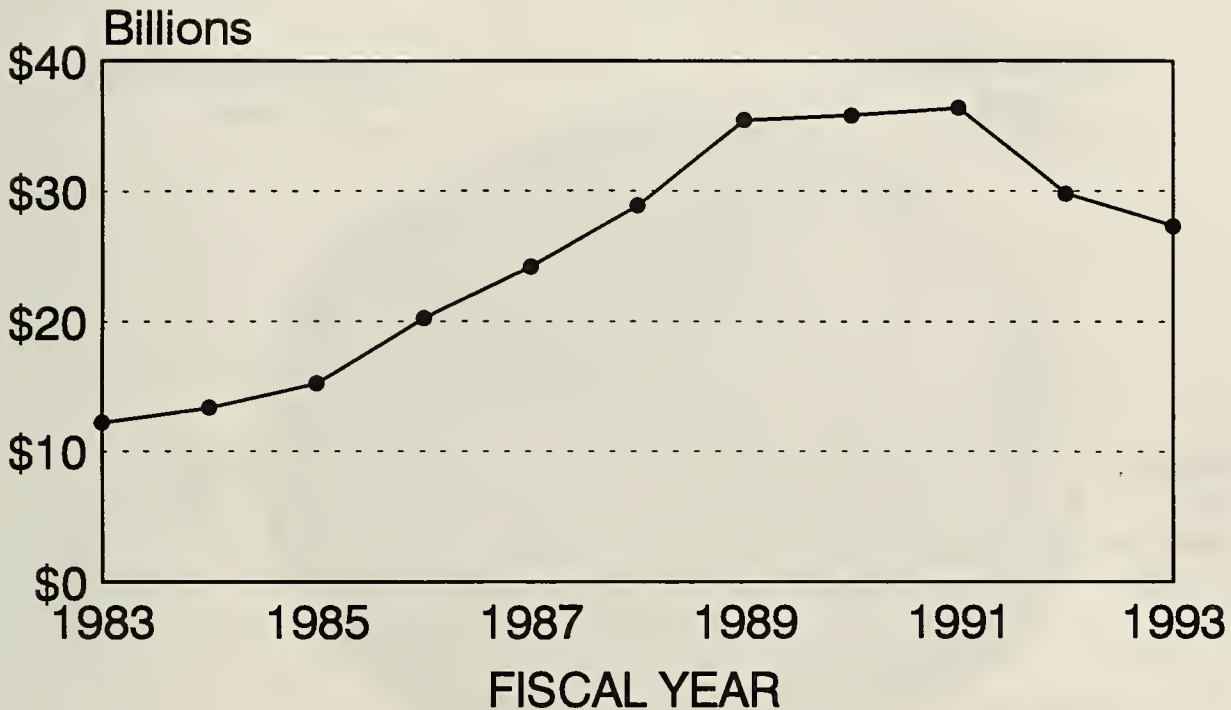
The reductions in tax liability and burden are due to the passage of Proposition 2 1/2, and to the continued efforts by the City of Boston Assessing Department to make its property tax system both equitable and progressive. Boston employs classification to the maximum benefit of residential property owners. Currently, residential property accounts for 60% of the total assessed value of the City, yet only 30 cents of every property tax dollar is paid by residential property owners.

Section II

The Tax Base

TOTAL ASSESSED VALUE

FY 1983 - 1993

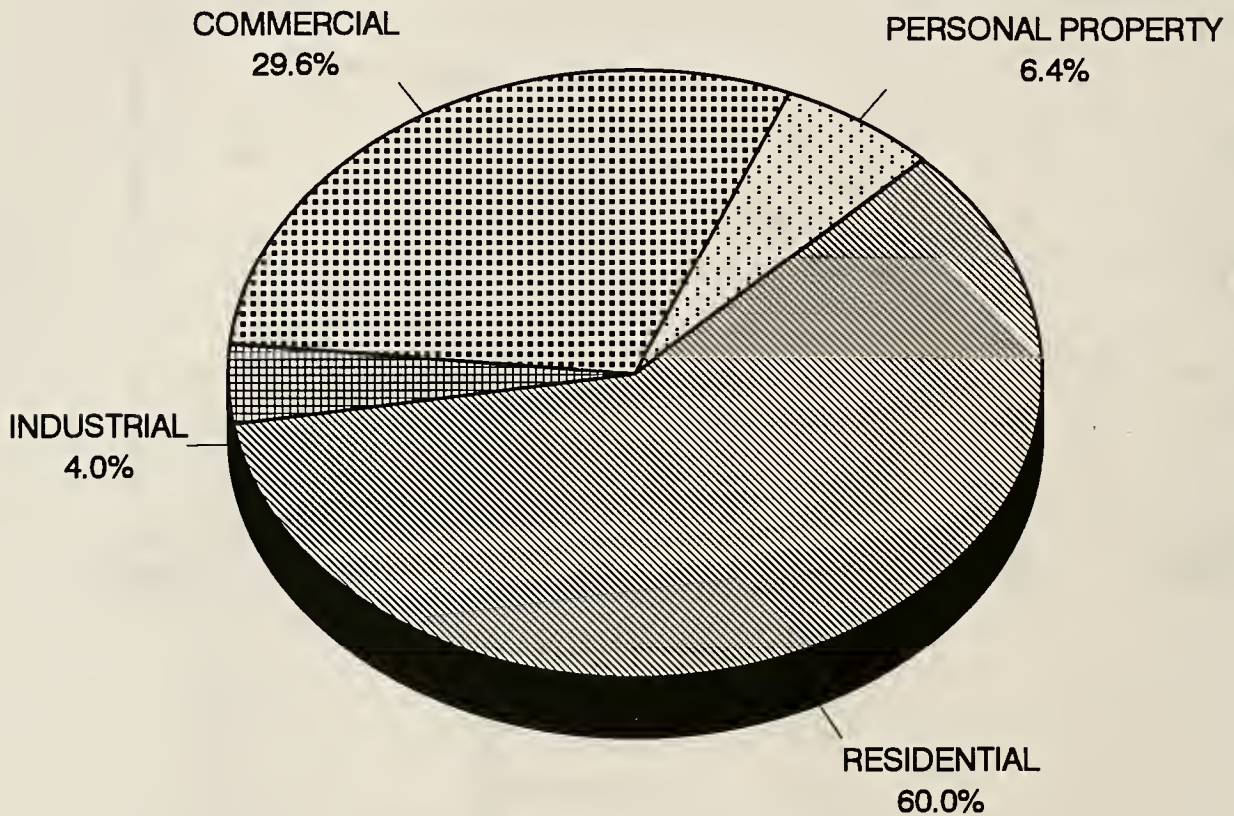


FISCAL YEAR	VALUE
1983	\$12,175,949,017
1984	\$13,330,724,765
1985	\$15,169,715,345
1986	\$20,249,421,480
1987	\$24,215,800,675
1988	\$28,823,626,591
1989	\$35,433,672,139
1990	\$35,786,400,418
1991	\$36,358,759,172
1992	\$29,784,758,269
1993	\$27,288,202,100

- The tax base (total assessed value of all taxable property assessed) decreased from \$29.8 billion in FY 1992 to \$27.3 billion in FY 1993, a decrease of \$2.5 billion.

ASSESSMENTS: MAJOR CATEGORIES

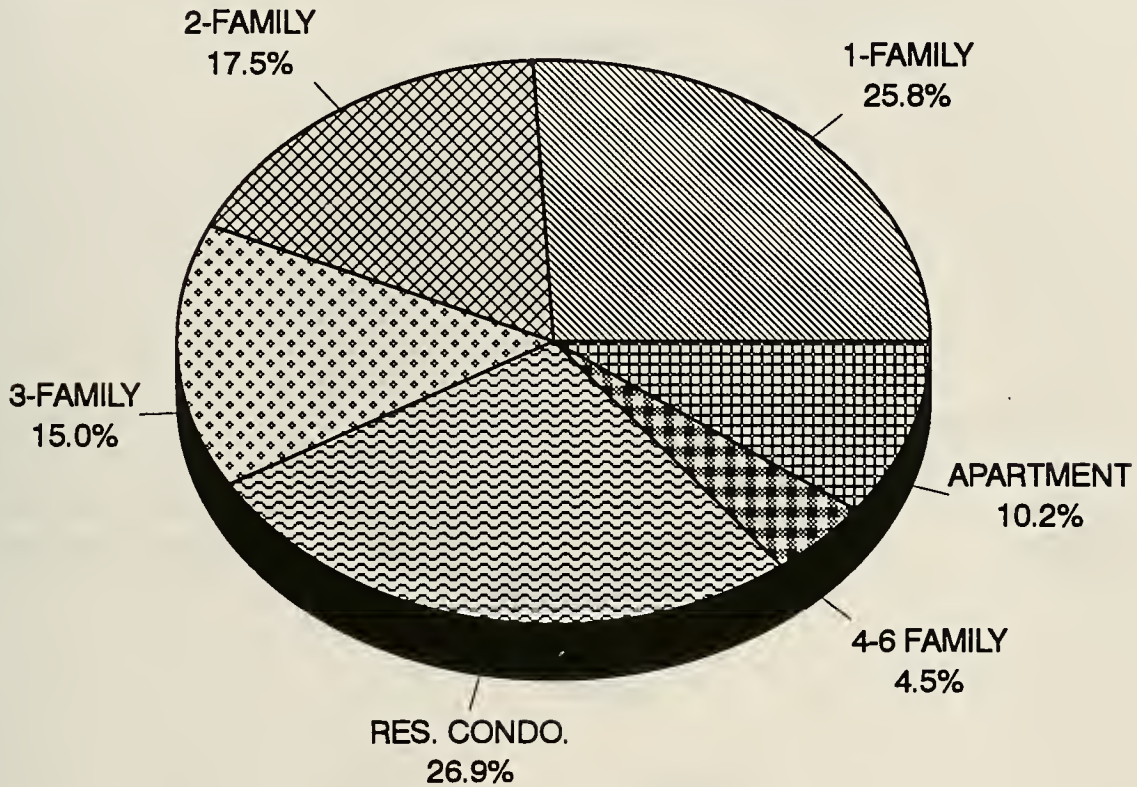
FY 1993



<u>PROPERTY TYPE</u>	<u>TOTAL VALUE</u>
RESIDENTIAL	\$16,368,339,400
COMMERCIAL	\$ 8,076,194,100
INDUSTRIAL	\$ 1,098,942,300
PERS. PROPERTY	\$ 1,744,726,300

RESIDENTIAL ASSESSMENTS

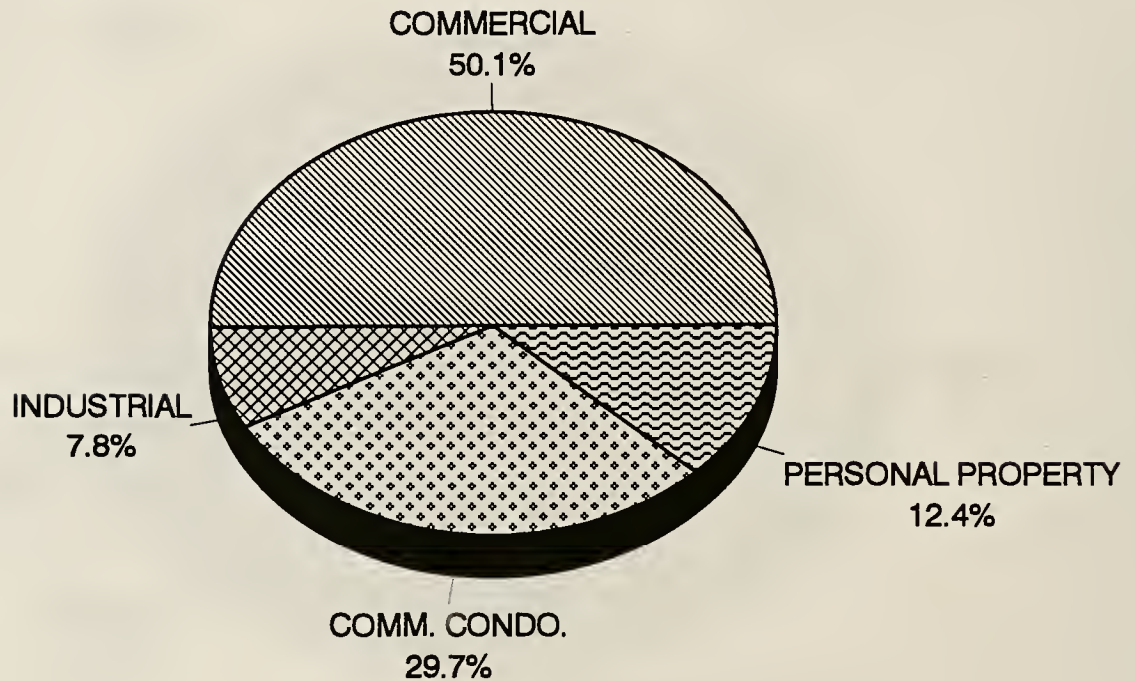
FY 1993



<u>PROPERTY TYPE</u>	<u>PARCELS</u>	<u>TOTAL VALUE</u>
SINGLE FAMILY	29,261	\$4,017,839,200
TWO FAMILY	18,449	\$2,721,754,600
THREE FAMILY	15,771	\$2,341,240,900
RESID. CONDO.	35,172	\$4,185,781,000
FOUR TO SIX FAM.	3,146	\$ 703,932,500
APARTMENT	2,151	\$1,590,150,600

BUSINESS ASSESSMENTS

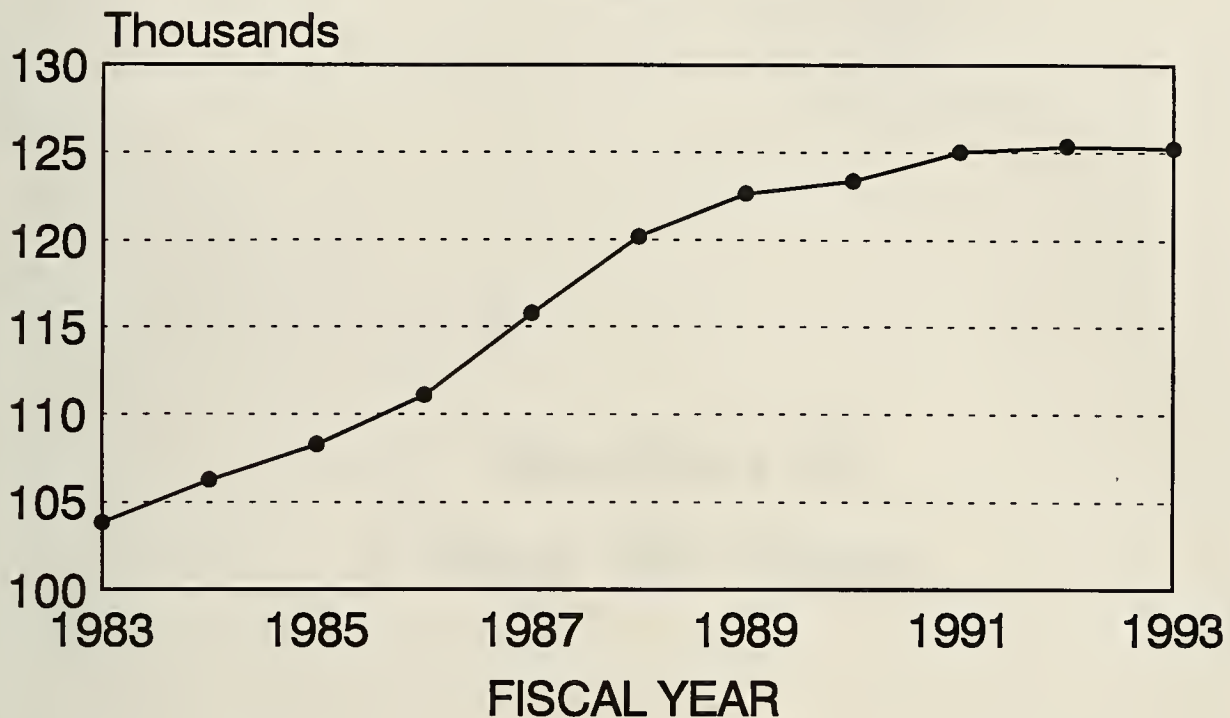
FY 1993



<u>PROPERTY TYPE</u>	<u>PARCELS</u>	<u>TOTAL VALUE</u>
COMMERCIAL	3,997	\$7,057,754,900
INDUSTRIAL	1,472	\$1,098,942,300
COMM. CONDO.	1,272	\$ 392,128,400
PERS. PROPERTY	9,139	\$1,744,726,300

NUMBER OF REAL ESTATE PARCELS

FY 1983 - 1993



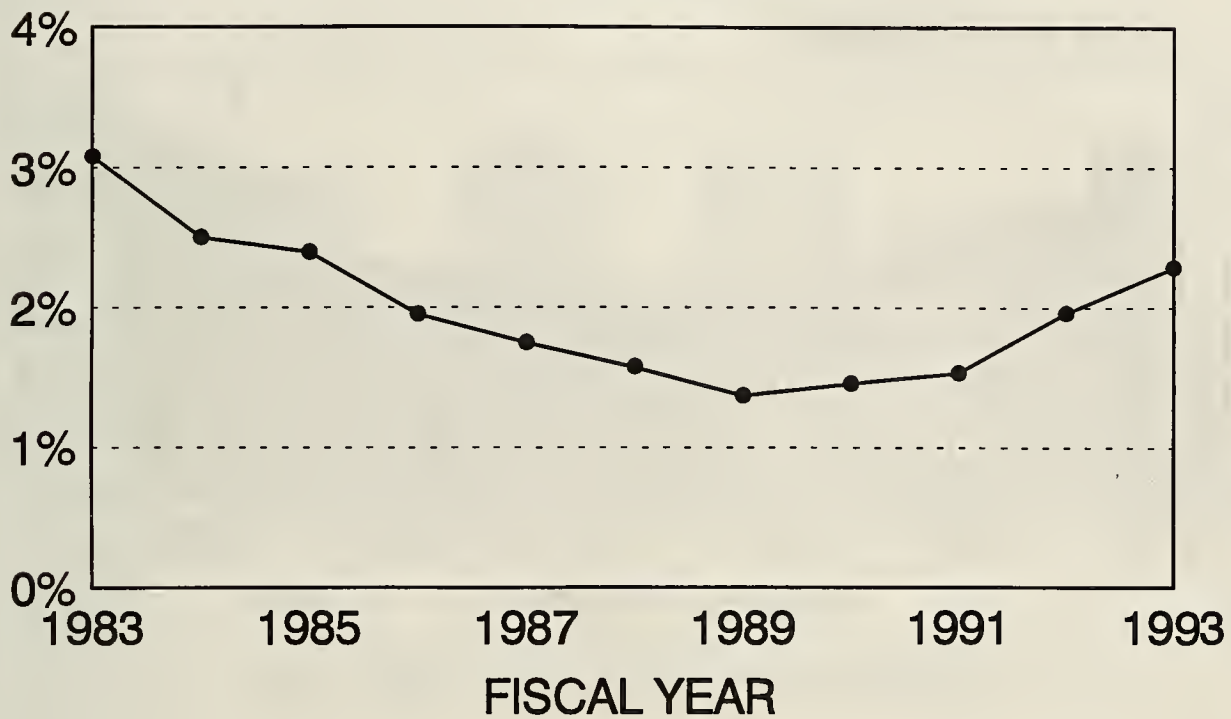
<u>FISCAL YEAR</u>	<u>PARCELS</u>
1983	103,800
1984	106,229
1985	108,239
1986	111,071
1987	115,754
1988	120,156
1989	122,640
1990	123,358
1991	125,016
1992	125,333
1993	125,240

Section III

The Tax Rate

OVERALL EFFECTIVE TAX RATE

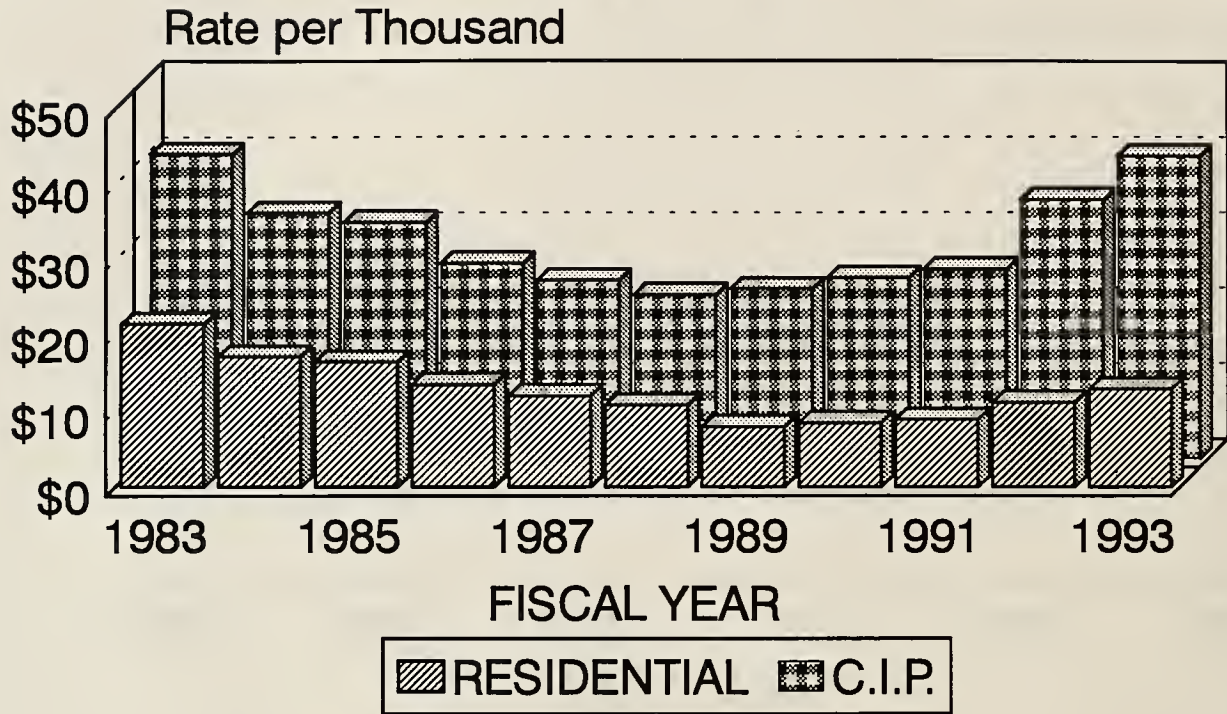
FY 1983 - 1993



- The overall effective tax rate - taxes as a percent of value - is 2.3% in FY 1993
- Under the provisions of Proposition 2 1/2, the property tax may not exceed 2.5% of the value of all taxable property.

CLASSIFIED TAX RATES

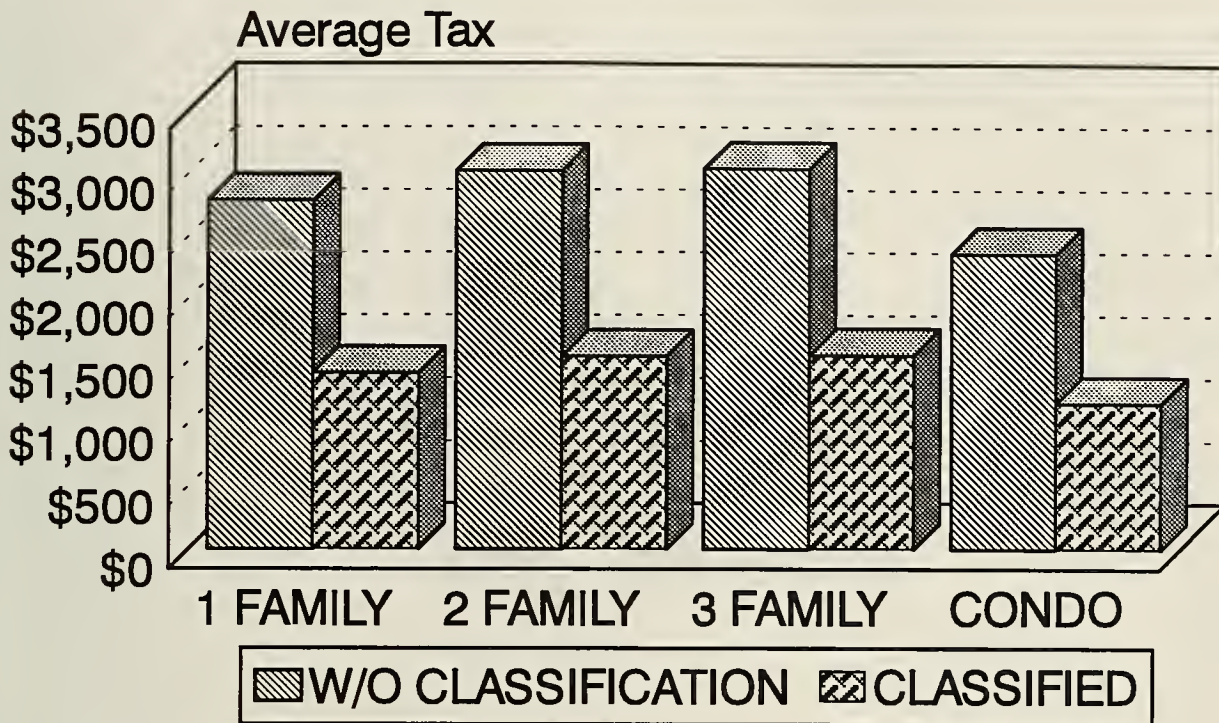
FY 1983 - 1993



- The FY 1993 commercial, industrial and personal property tax rate is \$39.99 per thousand.
- The FY 1993 residential tax rate is \$12.88 per thousand.

IMPACT OF CLASSIFICATION

FY 1993



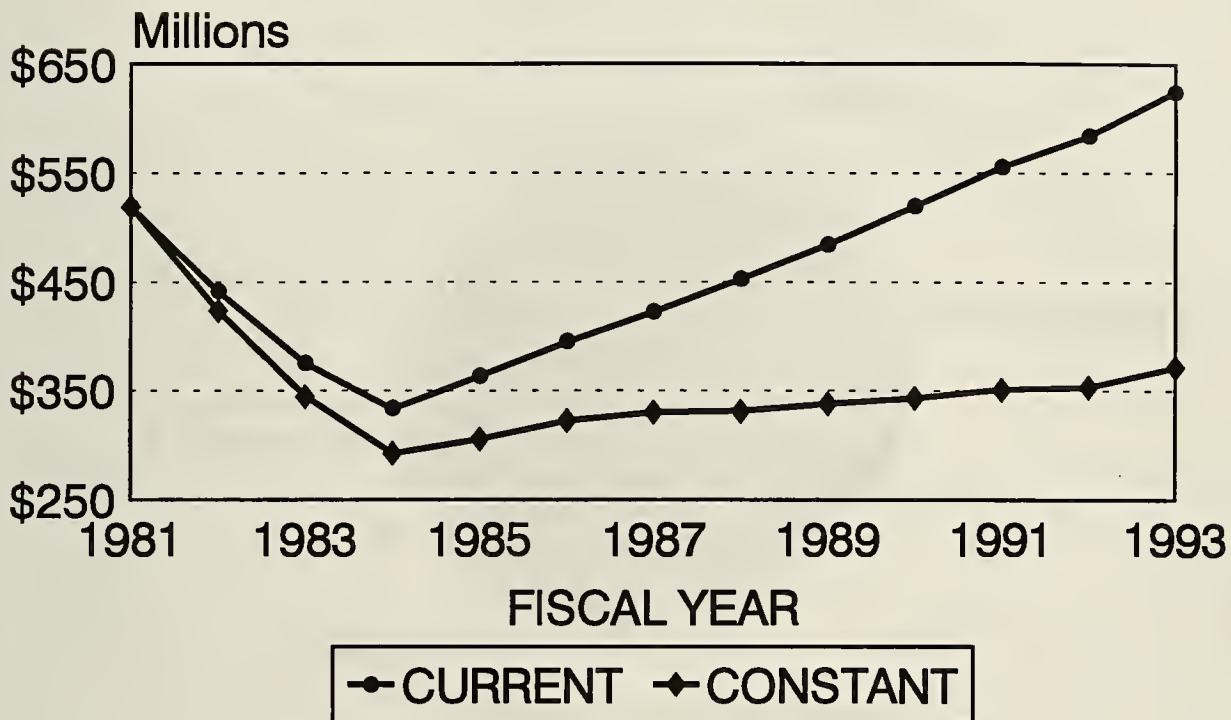
- Without the implementation of classification to the benefit of residential taxpayers, average residential tax bills would increase substantially.
- Classification saves:
 - an average of \$1,375 on a single family home;
 - an average of \$1,477 on a two family home;
 - an average of \$1,486 on a three family home;
 - an average of \$1,191 on a residential condominium.

Section IV

The Tax Levy

TOTAL PROPERTY TAX LEVY CURRENT AND CONSTANT DOLLARS

FY 1981 - 1993

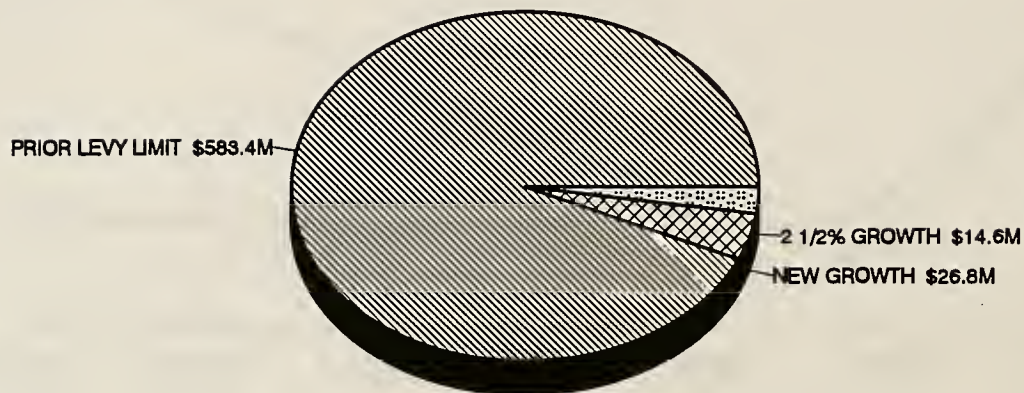


<u>FISCAL YEAR</u>	<u>LEVY</u>	<u>CONSTANT DOLLARS</u>
1981	\$518,675,400	\$518,675,400
1982	440,719,176	423,261,809
1983	374,611,299	344,513,219
1984	333,268,119	292,184,771
1985	363,222,216	305,395,224
1986	394,592,935	322,617,829
1987	421,916,232	330,102,644
1988	451,873,316	331,030,654
1989	483,725,487	337,733,999
1990	519,126,550	343,199,954
1991	555,069,213	351,071,864
1992	583,258,406	353,102,817
1993	624,655,519	371,455,546

- In inflation adjusted dollars, the FY 1993 levy is a full \$147 million less than the pre-Proposition 2 1/2 level.

TAX LEVY LIMIT

FY 1993



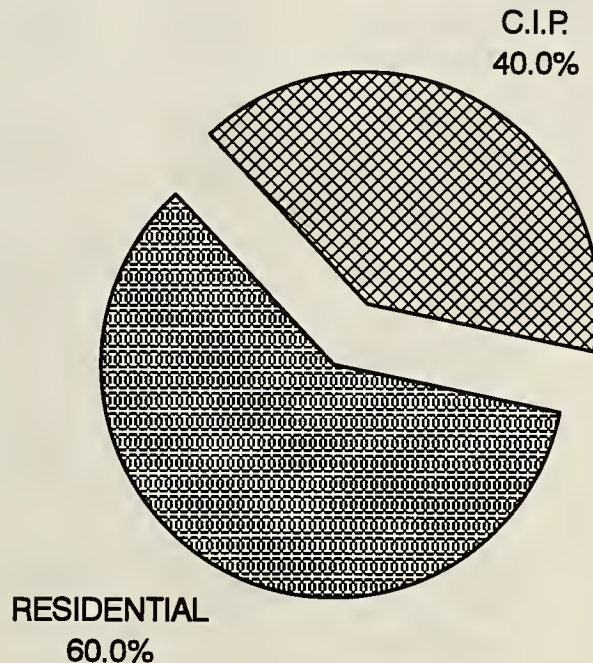
TAX LEVY LIMIT (MILLIONS OF DOLLARS)

	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991	FY 1992	FY 1993
PRIOR YEAR LEVY LIMIT	\$333.3	\$363.2	\$394.6	\$422.0	\$452.1	\$490.5	\$521.6	\$555.7	\$583.4
2 1/2% LEVY GROWTH	8.3	9.1	9.9	10.5	11.3	12.3	13.0	13.9	14.6
NEW GROWTH	21.6	22.3	17.5	19.5	20.7	16.4	20.5	13.8	26.8
AMENDED GROWTH	-----	-----	-----	-----	6.4	2.4	0.7		-----
TOTAL	-----								
	\$363.2	\$394.6	\$422.0	\$452.1	\$490.5	\$521.6	\$555.7	\$583.4	\$624.7
	=====								

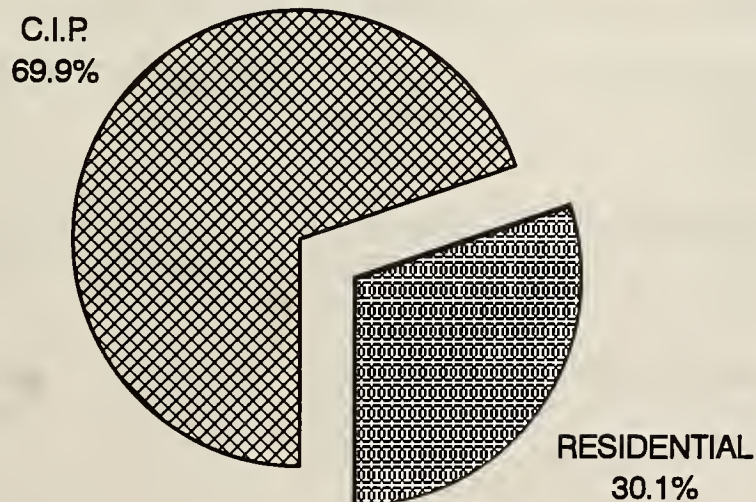
NOTE: NUMBERS MAY NOT TOTAL DUE TO ROUNDING

- \$14.6 million represents the City's allowable 2 1/2% levy growth under the provisions of Proposition 2 1/2.

RESIDENTIAL PROPERTY REPRESENTS OVER ONE HALF OF THE TAXABLE VALUE...



...YET BECAUSE OF CLASSIFICATION, PAY LESS THAN ONE THIRD OF THE TAX LEVY.



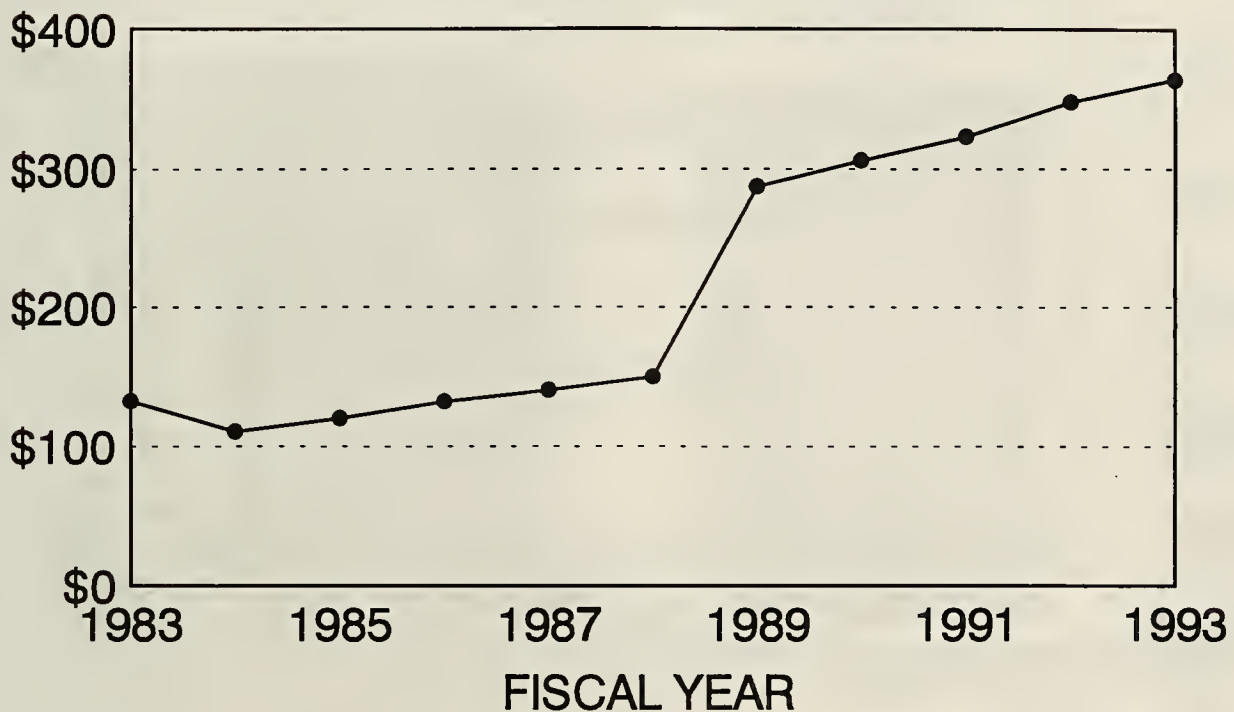
**PROPERTY TAX RECAP
FY 1984 - 1993**

		LEVY	LEVY PERCENT	TAX RATE	RESIDENTIAL EXEMPTION
FY 93	RESIDENTIAL	\$187,970,210	30.1 %	\$12.88	\$364.14
	C,P,I	436,685,309	69.9 %	39.99	
	TOTAL	624,655,519			
FY 92	RESIDENTIAL	179,845,450	30.8 %	11.18	347.85
	C,P,I	403,412,956	69.2 %	34.27	
	TOTAL	583,258,406			
FY 91	RESIDENTIAL	166,963,984	30.1 %	8.93	323.28
	C,P,I	388,105,229	69.9 %	25.09	
	TOTAL	555,069,213			
FY 90	RESIDENTIAL	156,236,662	30.1 %	8.45	306.08
	C,P,I	362,889,888	69.9 %	23.90	
	TOTAL	519,126,550			
FY 89	RESIDENTIAL	145,550,910	30.1 %	7.97	287.18
	C,P,I	338,174,577	69.9 %	22.44	
	TOTAL	483,725,487			
FY 88	RESIDENTIAL	153,149,142	33.9 %	10.77	149.26
	C,P,I	298,724,174	66.1 %	21.66	
	TOTAL	451,873,316			
FY 87	RESIDENTIAL	137,334,612	32.6 %	12.02	139.47
	C,P,I	284,581,620	67.4 %	23.55	
	TOTAL	421,916,232			
FY 86	RESIDENTIAL	123,789,327	31.4 %	13.46	131.27
	C,P,I	270,803,608	68.6 %	25.85	
	TOTAL	394,592,935			
FY 85	RESIDENTIAL	110,829,161	30.5 %	16.42	119.65
	C,P,I	252,393,055	69.5 %	31.36	
	TOTAL	363,222,216			
FY 84	RESIDENTIAL	100,248,717	30.1 %	17.10	109.90
	C,P,I	233,019,402	69.9 %	32.54	
	TOTAL	333,268,119			

C,P,I = COMMERCIAL, PERSONAL AND INDUSTRIAL CLASSES

RESIDENTIAL EXEMPTION

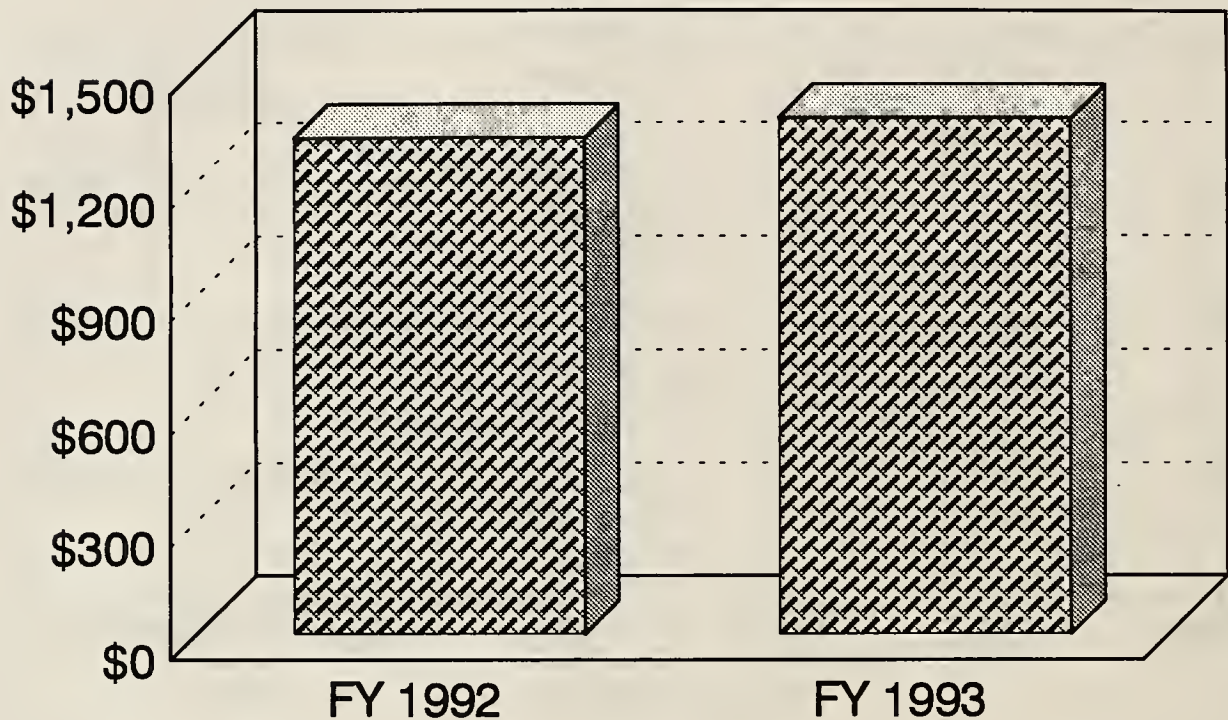
FY 1985 - 1993



- The residential exemption has increased \$16.29, from \$347.85 in FY 1992 to \$364.14 in FY 1993.

AVERAGE RESIDENTIAL PROPERTY TAX

FY 1992 - 1993

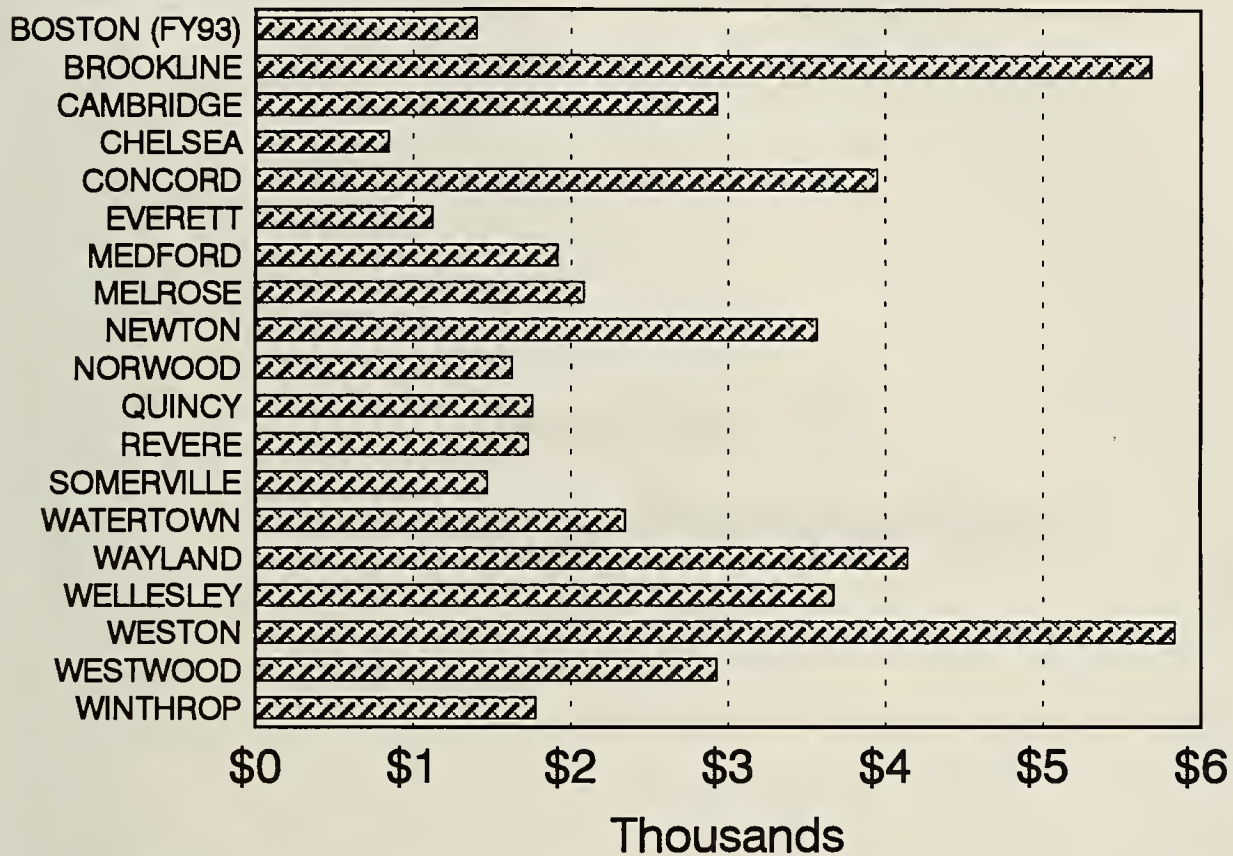


- Since FY 1992, the average tax for a homeowner increased \$52, from \$1,316 to \$1,368.*

* Including the residential exemption.

AVERAGE TAX ON A SINGLE FAMILY HOME

GREATER BOSTON AREA, FY 1992



NET RESIDENTIAL EXEMPTION

- The City of Boston has one of the lowest average property taxes for a single family home in the metropolitan area.

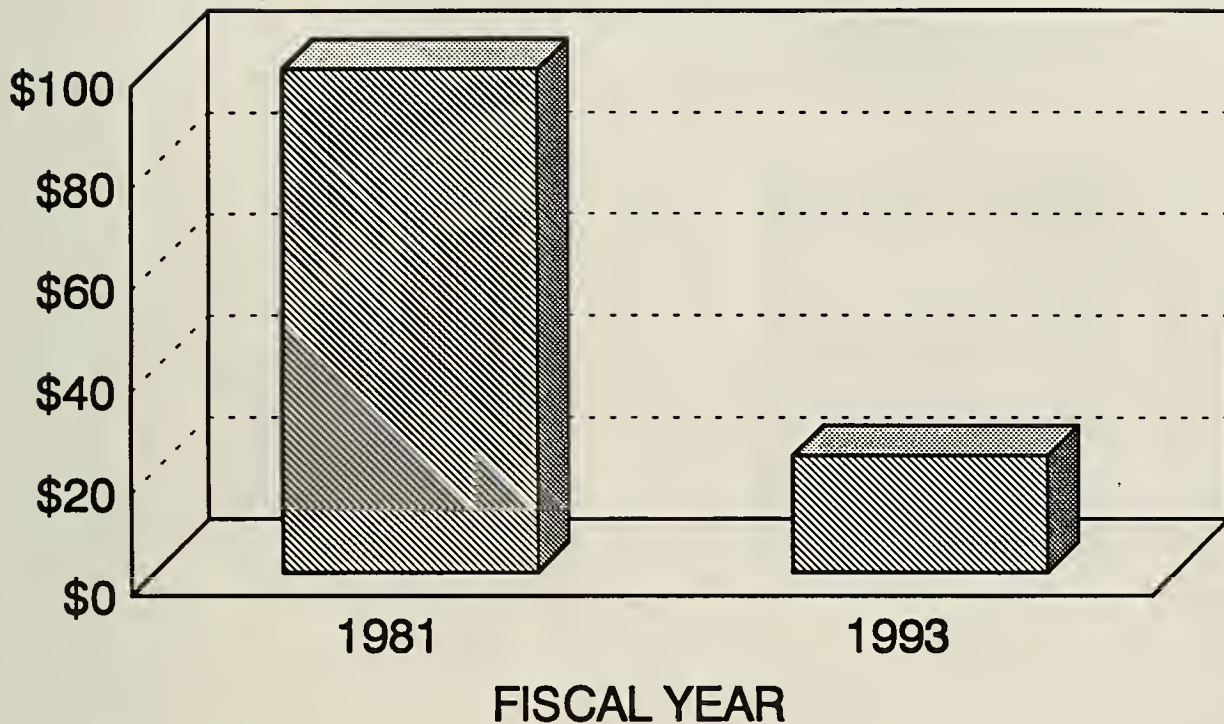
* Including the residential exemption.

Section V

Historical Perspective

OVERALL EFFECTIVE RATE

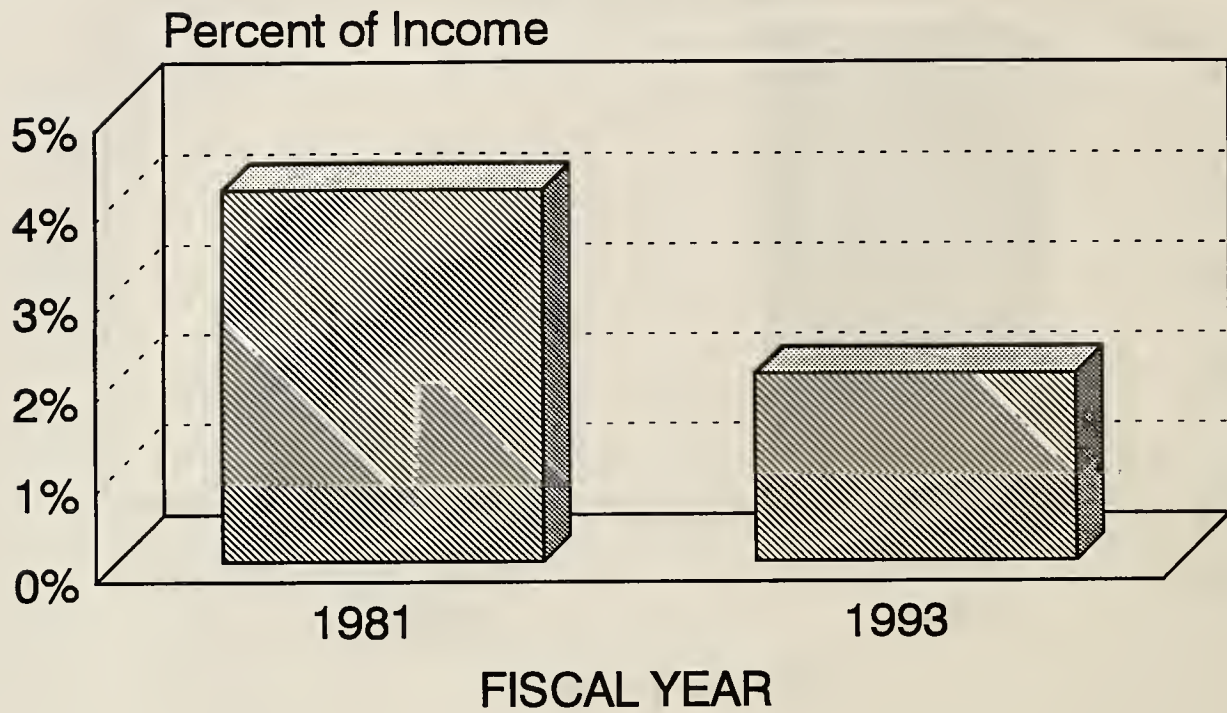
FY 1981 - 1993



- The effective tax rate equals the tax levy divided by the actual market value of property. Currently, the market value and assessed value are the same in Boston.
- The FY 1993 overall property tax rate of \$22.89 is \$76.11 below the effective FY 1981 rate of \$99.00

RESIDENTIAL PROPERTY TAX BURDEN

FY 1981 - 1993



- The burden of Boston's residential property tax (property taxes as a percent of income) declined from 4.12% in FY 1981 to 2.07% in FY 1993.

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